

Quarterly Report 2018

Q1



OMV Aktiengesellschaft

May 3, 2018

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## Disclaimer regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements usually may be identified by the use of terms such as “outlook,” “expect,” “anticipate,” “target,” “estimate,” “goal,” “plan,” “intend,” “may,” “objective,” “will” and similar terms or by their context. These forward-looking statements are based on beliefs and assumptions currently held by and information currently available to OMV. By their nature, forward-looking statements are subject to risks and uncertainties, both known and unknown, because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of OMV. Consequently, the actual results may differ materially from those expressed or implied by the forward-looking statements. Therefore, recipients of this report are cautioned not to place undue reliance on these forward-looking statements.

Neither OMV nor any other person assumes responsibility for the accuracy and completeness of any of the forward-looking statements contained in this report. OMV disclaims any obligation to update these forward-looking statements to reflect actual results, revised assumptions and expectations and future developments and events. This report does not contain any recommendation or invitation to buy or sell securities in OMV.

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# OMV Group Report January–March 2018 including condensed consolidated interim financial statements as of March 31, 2018

## Key Performance Indicators <sup>1</sup>

### Group

- ▶ Clean CCS Operating Result increased by 2% to EUR 818 mn
- ▶ Clean CCS net income attributable to stockholders amounted to EUR 377 mn, clean CCS Earnings Per Share were EUR 1.15
- ▶ Free cash flow after dividends at EUR 538 mn
- ▶ High cash flow from operating activities of EUR 1 bn
- ▶ Clean CCS ROACE at 13%

### Upstream

- ▶ Record level of production at 437 kboe/d, up by 103 kboe/d
- ▶ Production cost decreased by 17% to USD 7.4/boe

### Downstream

- ▶ OMV indicator refining margin at USD 4.8/bbl
- ▶ Natural gas sales increased to 33.0 TWh

## Key events

- ▶ On April 29, 2018, OMV signed a concession agreement for the acquisition of a 20% stake in two fields offshore Abu Dhabi from ADNOC. The concession area consists of two offshore fields under development, Umm Lulu and Satah Al Razboot (SARB), as well as two satellite fields, Bin Nasher and Al Bateel. The agreed participation fee amounts to USD 1.5 bn and the duration of the contract is 40 years. The concession will be retroactively effective as of March 9, 2018.
- ▶ On March 15, 2018, OMV agreed to acquire Shell's Upstream business in New Zealand comprising joint-venture interests in Pohokura (48%), the largest gas producing field in New Zealand, and Maui (83.75%) as well as related infrastructure for production, storage and transportation. The economic effective date of the transaction is January 1, 2018. The purchase price is USD 578 mn and subject to customary adjustments. The transaction is likely to be completed in 2018. OMV has also acquired Shell's 60.98% interest in the Great South Basin exploration block (GSB). The transfer of GSB is effective immediately.

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<sup>1</sup> Figures reflect the Q1/18 period; all comparisons described relate to the same quarter in the previous year except where mentioned otherwise

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# Directors' Report (condensed, unaudited)

## Group performance

### Financial highlights

In EUR mn (unless otherwise stated)

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>		2017
4,977	4,906	5,518	(10)	Sales <sup>2</sup>	20,222
<b>818</b>	<b>688</b>	<b>805</b>	<b>2</b>	<b>Clean CCS Operating Result<sup>3</sup></b>	<b>2,958</b>
438	344	321	36	Clean Operating Result Upstream <sup>3</sup>	1,225
376	356	494	(24)	Clean CCS Operating Result Downstream <sup>3</sup>	1,770
0	14	(13)	n.m.	Clean Operating Result Corporate and Other <sup>3</sup>	(16)
4	(27)	3	14	Consolidation: elimination of inter-segmental profits	(21)
35	28	20	71	Clean Group tax rate in %	25
491	448	602	(18)	Clean CCS net income <sup>3</sup>	2,035
<b>377</b>	<b>367</b>	<b>502</b>	<b>(25)</b>	<b>Clean CCS net income attributable to stockholders<sup>3,4</sup></b>	<b>1,624</b>
1.15	1.12	1.54	(25)	Clean CCS EPS in EUR <sup>3</sup>	4.97
<b>818</b>	<b>688</b>	<b>805</b>	<b>2</b>	<b>Clean CCS Operating Result<sup>3</sup></b>	<b>2,958</b>
<b>64</b>	<b>(115)</b>	<b>210</b>	<b>(69)</b>	<b>Special items<sup>5</sup></b>	<b>(1,281)</b>
17	58	22	(22)	CCS effects: inventory holding gains/(losses)	55
<b>899</b>	<b>631</b>	<b>1,037</b>	<b>(13)</b>	<b>Operating Result Group</b>	<b>1,732</b>
478	294	508	(6)	Operating Result Upstream	1,218
417	384	540	(23)	Operating Result Downstream	584
(1)	(13)	(16)	93	Operating Result Corporate and Other	(48)
6	(34)	5	6	Consolidation: elimination of inter-segmental profits	(21)
(90)	(69)	(49)	(84)	Net financial result	(246)
809	562	988	(18)	Profit before tax	1,486
34	25	17	97	Group tax rate in %	43
531	421	816	(35)	Net income	853
406	311	712	(43)	Net income attributable to stockholders <sup>4</sup>	435
1.24	0.95	2.18	(43)	Earnings Per Share (EPS) in EUR	1.33
1,076	742	923	17	Cash flow from operating activities	3,448
538	(1,445)	1,320	(59)	Free cash flow	1,681
538	(1,532)	1,320	(59)	Free cash flow after dividends	1,013
645	146	496	30	Organic free cash flow after dividends <sup>6</sup>	1,194
2,292	2,005	1,669	37	Net debt	2,005
16	14	12	42	Gearing ratio in %	14
339	2,290	302	12	Capital expenditure <sup>7</sup>	3,376
13	14	10	39	Clean CCS ROACE in % <sup>3</sup>	14
5	6	3	45	ROACE in %	6
20,595	20,721	22,210	(7)	Employees	20,721

Figures in this and the following tables may not add up due to rounding differences

<sup>1</sup> Q1/18 compared to Q1/17

<sup>2</sup> Sales excluding petroleum excise tax

<sup>3</sup> Adjusted for special items; clean CCS figures exclude fuels' inventory holding gains/losses (CCS effects) resulting from the fuels refineries and OMV Petrol Ofisi

<sup>4</sup> After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests

<sup>5</sup> The disclosure of special items is considered appropriate in order to facilitate analysis of the ordinary business performance; to reflect comparable figures, certain items affecting the result are added back or deducted; special items from equity-accounted companies are included; starting with Q1/17, temporary effects from commodity hedging for material Downstream and Upstream transactions are included

<sup>6</sup> Organic free cash flow after dividends is cash flow from operating activities less cash flow from investing activities, excluding disposals and material inorganic cash flow components (e.g. acquisitions), and less dividend payments

<sup>7</sup> Capital expenditure including acquisitions; notably OMV completed the acquisition of a 24.99% share in the Yuzhno Russkoye field in the amount of EUR 1,719 mn on November 30, 2017



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**First quarter 2018 (Q1/18) compared to first quarter 2017 (Q1/17)**

**Consolidated sales** decreased by 10% to EUR 4,977 mn compared to Q1/17, predominantly due to the divestment of OMV Petrol Ofisi. The **clean CCS Operating Result** was up from EUR 805 mn to EUR 818 mn, mainly driven by a significantly higher Upstream result of EUR 438 mn (Q1/17: EUR 321 mn). This was largely attributable to higher sales volumes following the acquisition of the interest in the Yuzhno Russkoye gas field and the higher production contribution from Libya. Higher realized oil prices could not offset the negative FX impact of the US dollar against the euro. The Downstream clean CCS Operating Result decreased to EUR 376 mn (Q1/17: EUR 494 mn). While the Downstream Oil result was mainly affected by the divestment of OMV Petrol Ofisi in Q2/17 and a weaker refining market environment in Q1/18, Downstream Gas had a strong result due to higher sales volumes coupled with increased margins and the successful realization of arbitrage opportunities in the market. OMV Petrom's clean CCS Operating Result amounted to EUR 206 mn (Q1/17: EUR 170 mn). The **clean Group tax rate** was 35% compared to 20% in Q1/17. The **clean CCS net income** reached EUR 491 mn. **Clean CCS net income attributable to stockholders** decreased to EUR 377 mn (Q1/17: EUR 502 mn), mainly due to a higher **clean Group tax rate**. **Clean CCS Earnings Per Share** came in at EUR 1.15 (Q1/17: EUR 1.54).

Net **special items** of EUR 64 mn were recorded in Q1/18 (Q1/17: EUR 210 mn), mainly related to temporary hedging effects and unrealized commodity derivatives. **CCS effects** of EUR 17 mn were recognized in Q1/18. OMV Group's reported **Operating Result** came in at EUR 899 mn, lower than in Q1/17 (EUR 1,037 mn). OMV Petrom's contribution to the Group's reported Operating Result was EUR 231 mn (Q1/17: EUR 177 mn).

The **net financial result** was EUR (90) mn (Q1/17: EUR (49) mn). The decrease was mainly related to FX losses. With a **Group tax rate** of 34% (Q1/17: 17%), **net income** amounted to EUR 531 mn. **Net income attributable to stockholders** decreased to EUR 406 mn (Q1/17: EUR 712 mn). **Earnings Per Share** for the quarter dropped significantly to EUR 1.24 (Q1/17: EUR 2.18).

**Cash flow from operating activities** grew to EUR 1.076 mn from EUR 923 mn in Q1/17. **Free cash flow after dividends** decreased to EUR 538 mn compared to EUR 1,320 mn in Q1/17, mainly attributable to the divestment of OMV (U.K.) Limited that led to a net inflow of EUR 810 mn in Q1/17.

**Net debt** increased to EUR 2,292 mn compared to EUR 1,669 mn on March 31, 2017, primarily because of the reclassification of the hybrid bond 2011, in the amount of EUR 750 mn, from equity to short-term bonds. On March 31, 2018, the **gearing ratio** stood at 16% (March 31, 2017: 12%).

**Capital expenditures** totaled EUR 339 mn (Q1/17: EUR 302 mn) with the majority dedicated to Upstream.

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## Cash flow

### Summarized cash-flow statement

In EUR mn

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>		2017
1,198	925	1,192	1	Sources of funds	3,871
1,076	742	923	17	Cash flow from operating activities	3,448
(538)	(2,187)	397	n.m.	Cash flow from investing activities	(1,766)
538	(1,445)	1,320	(59)	Free cash flow	1,681
(212)	790	(127)	(67)	Cash flow from financing activities	27
(7)	(7)	(15)	53	Effect of exchange rate changes on cash and cash equivalents	(42)
319	(662)	1,179	(73)	Net (decrease)/increase in cash and cash equivalents	1,667
3,981	4,643	2,314	72	Cash and cash equivalents at beginning of period	2,314
<b>4,300</b>	<b>3,981</b>	<b>3,493</b>	<b>23</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,981</b>
3	9	370	(99)	<i>thereof cash disclosed within Assets held for sale</i>	9
<b>4,297</b>	<b>3,972</b>	<b>3,123</b>	<b>38</b>	<b>Cash and cash equivalents presented in the consolidated statement of financial position</b>	<b>3,972</b>
<b>538</b>	<b>(1,532)</b>	<b>1,320</b>	<b>(59)</b>	<b>Free cash flow after dividends</b>	<b>1,013</b>
<b>538</b>	<b>(1,532)</b>	<b>1,320</b>	<b>(59)</b>	<b>Free cash flow after dividends incl. non-controlling interest changes</b>	<b>1,013</b>

<sup>1</sup> Q1/18 compared to Q1/17

### First quarter 2018 (Q1/18) compared to first quarter 2017 (Q1/17)

In Q1/18, **sources of funds** stood at EUR 1,198 mn (Q1/17: EUR 1,192 mn). Net working capital effects generated a cash outflow of EUR (122) mn (Q1/17: EUR (269) mn). **Cash flow from operating activities** increased by 17% to EUR 1,076 mn.

**Cash flow from investing activities** showed an outflow of EUR (538) mn compared to an inflow of EUR 397 mn in Q1/17 which is mainly attributable to the divestment of OMV (U.K.) Limited, that led to a net inflow of EUR 810 mn in Q1/17. Cash flow from investing activities in Q1/18 contained a cash outflow of EUR (81) mn related to the financing agreements for the Nord Stream 2 pipeline project and a prepayment of EUR (47) mn related to the acquisition of Shell's Upstream business in New Zealand.

This led to a **free cash flow** (defined as net cash from operating activities +/- net cash from investing activities) of EUR 538 mn which is significantly lower than in Q1/17 (EUR 1,320 mn).

**Cash flow from financing activities** recorded an outflow of EUR (212) mn compared to EUR (127) mn in Q1/17, primarily as a result of the repayment of long-term debt.

### Risk management

As an international oil and gas company with operations extending from hydrocarbon exploration and production through to trading and marketing of mineral products and gas, OMV is exposed to a variety of risks, including market and financial risks, as well as operational and strategic risks. A detailed description of risks and risk management activities can be found in the 2017 Annual Report (pages 82–83).

The main uncertainties that can influence the OMV Group's performance are the commodity price risk, FX risk, operational risks and also political as well as regulatory risks. The commodity price risk is being monitored constantly and appropriate protective measures with respect to cash flow are taken, if required. The inherent exposure to safety and environmental risks is monitored through HSSE (Health, Safety, Security and Environment) and risk management programs, which have the clear commitment to keep OMV's risks in line with industry standards.

More information on current risks can be found in the "Outlook" section of the Directors' Report.

### Transactions with related parties

Please refer to the selected explanatory notes of the consolidated interim financial statements for disclosures on significant transactions with related parties.

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## Outlook

### Market environment

For the year 2018, OMV expects the average Brent oil price to be at USD 68/bbl (previous forecast: USD 60/bbl). In 2018, average European gas spot prices are anticipated to be on a similar level compared to 2017.

### Group

- ▶ In 2018, CAPEX (including capitalized E&A and excluding acquisitions) is projected to come in around EUR 1.9 bn.

### Upstream

- ▶ OMV expects total production to be above 420 kboe/d in 2018 (previous forecast: 420 kboe/d). Production from Russia is planned to contribute around 100 kboe/d. Production in Libya is forecasted to be at a similar level to that of 2017. It is foreseen that production in Q2/18 and Q3/18 will be lower predominantly due to planned maintenance activities in Russia and Norway.
- ▶ CAPEX for Upstream (including capitalized E&A and excluding acquisitions) is anticipated to come in around EUR 1.3 bn in 2018.
- ▶ Exploration and appraisal expenditure is expected to be at EUR 300 mn.

### Downstream

#### Oil

- ▶ Refining margins are projected to be lower than in 2017.
- ▶ Petrochemical margins are forecasted to be at a similar level to those in 2017.
- ▶ In OMV's markets, retail and commercial margins are predicted to be on a level similar to 2017. Total refined product sales will be lower in 2018 compared to 2017 following the divestment of OMV Petrol Ofisi in June 2017.
- ▶ The utilization rate of the refineries is expected to be above 90% in 2018, despite the planned turnaround at the Petrobrazil refinery which started mid-April 2018 and is scheduled for approximately six weeks.

#### Gas

- ▶ Natural gas sales volumes are projected to be higher in 2018 than in 2017.
- ▶ Natural gas sales margins are forecasted to be at a similar level in 2018 to those in 2017.
- ▶ Net electrical output is expected to slightly decrease in 2018 due to an unfavorable market environment (previous forecast: net electrical output was expected to be slightly higher in 2018).
- ▶ OMV will continue to finance the Nord Stream 2 pipeline subject to the progress of the project financing from the capital markets.

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## Business Segments

### Upstream

In EUR mn (unless otherwise stated)

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>		2017
766	747	657	17	Clean Operating Result before depreciation and amortization, impairments and write-ups	2,677
438	344	321	36	Clean Operating Result	1,225
40	(50)	187	(79)	Special items	(7)
478	294	508	(6)	Operating Result	1,218
255	2,074	209	22	Capital expenditure <sup>2</sup>	2,781
61	84	53	15	Exploration expenditure	230
37	96	32	16	Exploration expenses	222
7.42	8.79	8.91	(17)	Production cost in USD/boe <sup>3</sup>	8.79

#### Key Performance Indicators

437	377	335	31	Total hydrocarbon production in kboe/d <sup>3</sup>	348
162	165	170	(5)	thereof OMV Petrom	168
16.0	16.6	15.9	1	Crude oil and NGL production in mn bbl	65.6
135.5	103.4	80.3	69	Natural gas production in bcf <sup>3</sup>	347.9
38.5	33.0	28.5	35	Total hydrocarbon sales volumes in mn boe <sup>3</sup>	118.3
66.82	61.26	53.69	24	Average Brent price in USD/bbl	54.19
58.02	55.61	50.40	15	Average realized crude price in USD/bbl	49.95
4.86	5.10	5.02	(3)	Average realized gas price in USD/1,000 cf <sup>3</sup>	5.10
12.92	14.26	15.40	(16)	Average realized gas price in EUR/MWh <sup>3, 4</sup>	14.77
1.229	1.177	1.065	15	Average EUR-USD FX rate	1.130

Notes: The net result from the equity-accounted investment in Pearl is reflected in the Operating Result in all presented periods. Following the closing of the acquisition of 24.99% interest in the Yuzhno Russkoye gas field on December 1, 2017, OMV's share of 24.99% in Severneftegazprom ("SNGP", operator of Yuzhno Russkoye) has been accounted for at-equity, and the result of the JSC Gazprom YRGM Development ("Trader") in which OMV has a stake of 99.99% has been fully consolidated.

<sup>1</sup> Q1/18 compared to Q1/17

<sup>2</sup> Capital expenditure including acquisitions; notably OMV completed the acquisition of a 24.99% share in the Yuzhno Russkoye field in the amount of EUR 1.7 bn on November 30, 2017

<sup>3</sup> Including OMV's interest in the Yuzhno Russkoye gas field, starting with December 1, 2017

<sup>4</sup> The average realized gas price is converted to MWh using a standardized calorific value across the portfolio

### First quarter 2018 (Q1/18) compared to first quarter 2017 (Q1/17)

- ▶ Strong increase of clean Operating Result to EUR 438 mn
- ▶ Record production of 437 kboe/d
- ▶ Production cost decreased by 17% to USD 7.4/boe

The **clean Operating Result** substantially improved from EUR 321 mn in Q1/17 to EUR 438 mn, due to a significantly better operational performance in the amount of EUR 191 mn. This was largely attributable to higher sales volumes following the acquisition of the interest in the Yuzhno Russkoye gas field and the higher production contribution from Libya. Net market effects had an impact of EUR (83) mn on OMV's result. Higher average realized oil prices could not offset the negative FX impact of the US dollar against the euro. In Q1/18, OMV Petrom contributed EUR 139 mn to the clean Operating Result compared to EUR 102 mn in Q1/17.

Net **special items** amounted to EUR 40 mn in Q1/18 mainly associated with temporary hedging effects. The **Operating Result** decreased to EUR 478 mn (Q1/17: EUR 508 mn).

At USD 7.4/boe, **production cost** excluding royalties declined by 17% as a result of higher production coupled with the ongoing cost reduction program, partly offset by negative FX impacts due to USD devaluation. Production cost of OMV Petrom increased by 13% to USD 11.9/boe mainly due to an unfavorable FX environment and lower volumes.

**Total hydrocarbon production** rose by 31% to 437 kboe/d, primarily due to Russia's contribution of 106 kboe/d and a higher Libyan production by 15 kboe/d. OMV Petrom's total production was down by 5% to 162 kboe/d, mostly because of natural decline. **Total sales volumes** were up by 35% and were mainly attributable to the contribution from Russia following the acquisition of the interest in the Yuzhno Russkoye gas field as well as higher sales volumes in Libya and Norway.

In Q1/18, the **average Brent price** rose by 24% to about USD 67/bbl, predominantly due to higher geopolitical risk as well as a continued strong compliance with the production cut by the OPEC countries. The Group's **average realized** crude price increased



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by 15%. The **average realized gas price** in USD/1,000 cf decreased by 3%, as Q1/18 reflects the full contribution from Russia. Realized prices were impacted by a realized hedging loss of EUR (68) mn in Q1/18.

**Capital expenditures** including capitalized E&A increased to EUR 255 mn in Q1/18 (EUR 209 mn in Q1/17). Organic investments were undertaken primarily in Romania and Norway. **Exploration expenditures** rose by 15% to EUR 61 mn and were mainly related to activities in Norway, Romania and Austria.

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**Downstream**

In EUR mn (unless otherwise stated)

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>		2017
493	475	611	(19)	Clean CCS Operating Result before depreciation and amortization, impairments and write-ups <sup>2</sup>	2,243
376	356	494	(24)	Clean CCS Operating Result <sup>2</sup>	1,770
282	311	411	(31)	thereof Downstream Oil	1,554
94	45	82	14	thereof Downstream Gas	217
26	(37)	26	(1)	Special items	(1,242)
15	66	20	(24)	CCS effects: inventory holding gains/(losses) <sup>2</sup>	55
417	384	540	(23)	Operating Result	584
82	207	91	(9)	Capital expenditure <sup>3</sup>	580

**Downstream Oil KPIs**

4.79	5.68	5.42	(12)	OMV indicator refining margin in USD/bbl <sup>4</sup>	6.05
447	401	385	16	Ethylene/propylene net margin in EUR/t <sup>4,5</sup>	427
93	92	96	(3)	Utilization rate refineries in %	90
4.53	4.95	6.54	(31)	Total refined product sales in mn t	23.82
1.41	1.55	2.34	(40)	thereof retail sales volumes in mn t	8.13
0.61	0.55	0.59	4	thereof petrochemicals in mn t	2.15

**Downstream Gas KPIs**

32.98	31.13	32.30	2	Natural gas sales volumes in TWh	113.40
1.52	1.91	1.74	(13)	Net electrical output in TWh	7.10

<sup>1</sup> Q1/18 compared to Q1/17<sup>2</sup> Current Cost of Supply (CCS): clean CCS figures exclude special items and inventory holding gains/losses (CCS effects) resulting from the fuels refineries and OMV Petrol Ofisi<sup>3</sup> Capital expenditure including acquisitions<sup>4</sup> Actual refining and petrochemical margins realized by OMV may vary from the OMV indicator refining margin, ethylene/propylene net margin as well as from the market margins due to factors including a different crude slate, product yield, operating conditions and a different feedstock<sup>5</sup> Calculated based on West European Contract Prices (WECP) with naphtha as feedstock**First quarter 2018 (Q1/18) compared to first quarter 2017 (Q1/17)**

- ▶ Strong Downstream Gas result supported by higher volumes and increased margins
- ▶ Downstream Oil was impacted by the missing contribution from OMV Petrol Ofisi and a weaker refining market environment

The **clean CCS Operating Result** amounted to EUR 376 mn in Q1/18 (Q1/17: EUR 494 mn). The higher result from Downstream Gas was more than offset by a weaker Downstream Oil result due to the missing earnings contribution from OMV Petrol Ofisi and a lower refining margin.

The **Downstream Oil clean CCS Operating Result** declined from EUR 411 mn in Q1/17 to EUR 282 mn. This was partially due to the divestment of OMV Petrol Ofisi in June 2017, which contributed EUR 53 mn to the clean CCS Operating Result in Q1/17. Furthermore, the **OMV indicator refining margin** decreased by 12% to USD 4.8/bbl (Q1/17: USD 5.4/bbl). Increased crude prices resulted in higher feedstock costs and lower margins, in particular for heavy fuel oil and naphtha, which could not be offset by slightly increased middle distillate margins. The OMV indicator refining margin was additionally impacted by negative FX effects. The **utilization rate of the refineries** was 93% in Q1/18. In Q1/17, the utilization rate reached a level of 96% supported by stock building for the planned turnaround at the Schwechat refinery, which took place in the second quarter of 2017. At 4.5 mn t, **total refined product sales** decreased by 31% due to the divestment of OMV Petrol Ofisi which contributed 2.0 mn t in Q1/17. Excluding OMV Petrol Ofisi total refined product sales remained flat, sales volumes and margins grew slightly in the retail business, while they slightly decreased in the commercial business. OMV Petrom contributed EUR 52 mn to the clean CCS Operating Result of Downstream Oil.

The clean CCS Operating Result of the petrochemicals business decreased by EUR 5 mn to EUR 68 mn in Q1/18. An improved ethylene/propylene net margin was almost offset by the sharp decline in the butadiene margin, which experienced a peak in the first half of 2017. In addition, increased prices of the feedstock mix, which also includes other intermediates besides naphtha, impacted the result. The contribution from Borealis to the clean Operating Result decreased to EUR 86 mn in Q1/18 (Q1/17: EUR 113 mn). This was mainly due to lower polyolefin margins in Q1/2018 and positive inventory effects in Q1/17.

**Downstream Gas clean CCS Operating Result** increased from EUR 82 mn in Q1/17 to EUR 94 mn. The previous year's quarter was positively impacted by valuation effects related to supply and storage hedges as well as future contracts. The Q1/18 result reached its five-year record, as it was supported by higher sales volumes coupled with increased margins and the successful realization of arbitrage opportunities in the markets. Lower annual temperatures led to a strong demand for natural gas. The

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contribution from Gas Connect Austria remained flat at EUR 27 mn (Q1/17: EUR 26 mn). **Natural gas sales volumes** rose from 32.3 TWh to 33.0 TWh, primarily due to increased sales volumes in Germany and Turkey, which were partially offset by lower sales volumes in Romania. Despite decreased net electrical output, caused by an unfavorable market environment, the contribution from the power business increased as a result of a positive hedging contribution. OMV Petrom contributed EUR 17 mn to the clean CCS Operating Result of Downstream Gas.

Net **special items** recorded in Q1/18 amounted to EUR 26 mn, mainly related to unrealized commodity derivatives. **CCS effects** of EUR 15 mn were booked as a result of rising crude prices during Q1/18. The **Operating Result** of Downstream decreased by 23% to EUR 417 mn compared to EUR 540 mn in Q1/17.

**Capital expenditures** in Downstream amounted to EUR 82 mn (Q1/17: EUR 91 mn), of which EUR 69 mn (Q1/17: EUR 84 mn) were in Downstream Oil.

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# Group Interim Financial Statements (condensed, unaudited)

## Income statement (unaudited)

In EUR mn (unless otherwise stated)

Q1/18	Q4/17	Q1/17		2017
4,977	4,906	5,518	Sales revenues	20,222
67	128	216	Other operating income	488
107	93	121	Net income from equity-accounted investments	510
86	89	113	<i>thereof Borealis</i>	394
<b>5,151</b>	<b>5,128</b>	<b>5,855</b>	<b>Total revenues and other income</b>	<b>21,220</b>
(2,823)	(2,944)	(3,376)	Purchases (net of inventory variation)	(12,331)
(392)	(421)	(402)	Production and operating expenses	(1,645)
(88)	(77)	(85)	Production and similar taxes	(311)
(443)	(456)	(454)	Depreciation, amortization and impairment charges	(1,852)
(416)	(489)	(405)	Selling, distribution and administrative expenses	(1,636)
(37)	(96)	(32)	Exploration expenses	(221)
(54)	(12)	(64)	Other operating expenses	(1,491)
<b>899</b>	<b>631</b>	<b>1,037</b>	<b>Operating Result</b>	<b>1,732</b>
0	10	0	Dividend income	15
24	16	13	Interest income	64
(64)	(70)	(61)	Interest expenses	(265)
(51)	(25)	(1)	Other financial income and expenses	(60)
<b>(90)</b>	<b>(69)</b>	<b>(49)</b>	<b>Net financial result</b>	<b>(246)</b>
<b>809</b>	<b>562</b>	<b>988</b>	<b>Profit before tax</b>	<b>1,486</b>
(278)	(142)	(172)	Taxes on income	(634)
<b>531</b>	<b>421</b>	<b>816</b>	<b>Net income for the period</b>	<b>853</b>
<b>406</b>	<b>311</b>	<b>712</b>	<b><i>thereof attributable to stockholders of the parent</i></b>	<b>435</b>
24	26	25	<i>thereof attributable to hybrid capital owners</i>	103
101	84	78	<i>thereof attributable to non-controlling interests</i>	315
<b>1.24</b>	<b>0.95</b>	<b>2.18</b>	<b>Basic Earnings Per Share in EUR</b>	<b>1.33</b>
1.24	0.95	2.18	Diluted Earnings Per Share in EUR	1.33

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**Statement of comprehensive income (condensed, unaudited)**

In EUR mn

<b>Q1/18</b>	<b>Q4/17</b>	<b>Q1/17</b>		<b>2017</b>
531	421	816	Net income for the period	853
(48)	(232)	(292)	Exchange differences from translation of foreign operations	340
(17)	10	23	Gains/(losses) on hedges	32
(48)	(26)	(36)	Share of other comprehensive income of equity-accounted investments	(161)
<b>(112)</b>	<b>(249)</b>	<b>(304)</b>	<b>Total of items that may be reclassified (“recycled”) subsequently to the income statement</b>	<b>212</b>
0	7	0	Remeasurement gains/(losses) on defined benefit plans	7
0	(10)	0	Share of other comprehensive income of equity-accounted investments	(10)
<b>0</b>	<b>(3)</b>	<b>0</b>	<b>Total of items that will not be reclassified (“recycled”) subsequently to the income statement</b>	<b>(3)</b>
2	(1)	1	Income taxes relating to items that may be reclassified (“recycled”) subsequently to the income statement	5
0	2	0	Income taxes relating to items that will not be reclassified (“recycled”) subsequently to the income statement	2
<b>2</b>	<b>2</b>	<b>1</b>	<b>Total income taxes relating to components of other comprehensive income</b>	<b>7</b>
<b>(110)</b>	<b>(250)</b>	<b>(304)</b>	<b>Other comprehensive income for the period, net of tax</b>	<b>216</b>
<b>421</b>	<b>170</b>	<b>512</b>	<b>Total comprehensive income for the period</b>	<b>1,069</b>
294	95	416	<i>thereof attributable to stockholders of the parent</i>	716
24	26	25	<i>thereof attributable to hybrid capital owners</i>	103
103	49	71	<i>thereof attributable to non-controlling interests</i>	250



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**Statement of financial position (unaudited)**

In EUR mn

	<b>Mar. 31, 2018</b>	<b>Dec. 31, 2017</b>
<b>Assets</b>		
Intangible assets	2,625	2,648
Property, plant and equipment	13,539	13,654
Equity-accounted investments	2,689	2,913
Other financial assets	2,080	1,959
Other assets	53	55
Deferred taxes	771	744
<b>Non-current assets</b>	<b>21,757</b>	<b>21,972</b>
Inventories	1,354	1,503
Trade receivables	3,210	2,503
Other financial assets	1,209	1,140
Income tax receivables	16	15
Other assets	331	265
Cash and cash equivalents	4,297	3,972
<b>Current assets</b>	<b>10,416</b>	<b>9,398</b>
Assets held for sale	192	206
<b>Total assets</b>	<b>32,365</b>	<b>31,576</b>
<b>Equity and liabilities</b>		
Capital stock	327	327
Hybrid capital	1,490	2,231
Reserves	8,960	8,658
OMV equity of the parent	10,778	11,216
Non-controlling interests	3,221	3,118
<b>Equity</b>	<b>13,999</b>	<b>14,334</b>
Provisions for pensions and similar obligations	1,000	1,003
Bonds	3,970	3,968
Interest-bearing debts	600	823
Provisions for decommissioning and restoration obligations	3,074	3,070
Other provisions	468	497
Other financial liabilities	422	405
Other liabilities	145	148
Deferred taxes	523	437
<b>Non-current liabilities</b>	<b>10,201</b>	<b>10,352</b>
Trade payables	3,561	3,262
Bonds	1,595	788
Interest-bearing debts	138	114
Provisions for income taxes	181	140
Provisions for decommissioning and restoration obligations	124	110
Other provisions	339	349
Other financial liabilities	1,308	1,288
Other liabilities	864	775
<b>Current liabilities</b>	<b>8,109</b>	<b>6,826</b>
Liabilities associated with assets held for sale	55	63
<b>Total equity and liabilities</b>	<b>32,365</b>	<b>31,576</b>

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**Condensed statement of changes in equity (condensed, unaudited)**

In EUR mn

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves <sup>1</sup>	Treasury shares	OMV equity of the parent	Non-controlling interests	Total equity
<b>January 1, 2018</b>	327	1,517	2,231	8,006	(857)	(8)	11,216	3,118	14,334
<b>Adjustments on initial application of IFRS 9 and IFRS 15</b>	–	–	–	43	(1)	–	42	0	42
<b>Adjusted balance January 1, 2018</b>	327	1,517	2,231	8,049	(858)	(8)	11,259	3,118	14,377
Net income for the period	–	–	–	430	–	–	430	101	531
Other comprehensive income for the period	–	–	–	–	(112)	–	(112)	2	(110)
<b>Total comprehensive income for the period</b>	–	–	–	430	(112)	–	318	103	421
Change in hybrid capital	–	–	(741)	(60)	–	–	(800)	–	(800)
Share-based payments	–	2	–	–	–	–	2	–	2
<b>March 31, 2018</b>	327	1,519	1,490	8,419	(970)	(8)	10,778	3,221	13,999

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves <sup>2</sup>	Treasury shares	OMV equity of the parent	Non-controlling interests	Total equity
<b>January 1, 2017</b>	327	1,507	2,231	7,990	(1,131)	(9)	10,915	3,010	13,925
Net income for the period	–	–	–	738	–	–	738	78	816
Other comprehensive income for the period	–	–	–	0	(296)	–	(296)	(8)	(304)
<b>Total comprehensive income for the period</b>	–	–	–	738	(296)	–	441	71	512
Share-based payments	–	4	–	–	–	–	4	–	4
<b>March 31, 2017</b>	327	1,511	2,231	8,727	(1,427)	(9)	11,360	3,080	14,441

<sup>1</sup> "Other reserves" contain exchange differences from the translation of foreign operations, unrealized gains and losses from hedges and the share of other comprehensive income of equity-accounted investments

<sup>2</sup> "Other reserves" contain exchange differences from the translation of foreign operations, unrealized gains and losses from hedges and available-for-sale financial assets as well as the share of other comprehensive income of equity-accounted investments

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**Summarized statement of cash flows (condensed, unaudited)**

In EUR mn				
<b>Q1/18</b>	<b>Q4/17</b>	<b>Q1/17</b>		<b>2017</b>
<b>531</b>	<b>421</b>	<b>816</b>	<b>Net income for the period</b>	<b>853</b>
450	485	446	Depreciation, amortization and impairments including write-ups	1,941
67	16	63	Deferred taxes	142
(6)	10	0	Losses/(gains) on the disposal of non-current assets	0
27	39	4	Net change in long-term provisions	9
129	(46)	(137)	Other adjustments	927
<b>1,198</b>	<b>925</b>	<b>1,192</b>	<b>Sources of funds</b>	<b>3,871</b>
143	31	158	(Increase)/decrease in inventories	70
(722)	(449)	(59)	(Increase)/decrease in receivables	(51)
483	254	(344)	(Decrease)/increase in liabilities	(347)
(25)	(20)	(25)	(Decrease)/increase in short-term provisions	(96)
<b>1,076</b>	<b>742</b>	<b>923</b>	<b>Cash flow from operating activities</b>	<b>3,448</b>
			<b>Investments</b>	
(431)	(509)	(426)	Intangible assets and property, plant and equipment	(1,586)
(81)	(70)	(4)	Investments, loans and other financial assets	(366)
(47)	(1,644)	0	Acquisitions of subsidiaries and businesses net of cash acquired	(1,644)
			<b>Disposals</b>	
3	22	18	Proceeds from sale of non-current assets	72
19	14	810	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	1,758
<b>(538)</b>	<b>(2,187)</b>	<b>397</b>	<b>Cash flow from investing activities</b>	<b>(1,766)</b>
(202)	862	(37)	(Decrease)/increase in long-term borrowings	784
(9)	14	(89)	(Decrease)/increase in short-term borrowings	(89)
0	(86)	0	Dividends paid	(668)
<b>(212)</b>	<b>790</b>	<b>(127)</b>	<b>Cash flow from financing activities</b>	<b>27</b>
(7)	(7)	(15)	Effect of exchange rate changes on cash and cash equivalents	(42)
<b>319</b>	<b>(662)</b>	<b>1,179</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>1,667</b>
3,981	4,643	2,314	Cash and cash equivalents at beginning of period	2,314
<b>4,300</b>	<b>3,981</b>	<b>3,493</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,981</b>
3	9	370	<i>thereof cash disclosed within Assets held for sale</i>	9
<b>4,297</b>	<b>3,972</b>	<b>3,123</b>	<b>Cash and cash equivalents presented in the consolidated statement of financial position</b>	<b>3,972</b>
<b>538</b>	<b>(1,445)</b>	<b>1,320</b>	<b>Free cash flow</b>	<b>1,681</b>
<b>538</b>	<b>(1,532)</b>	<b>1,320</b>	<b>Free cash flow after dividends</b>	<b>1,013</b>
<b>538</b>	<b>(1,532)</b>	<b>1,320</b>	<b>Free cash flow after dividends incl. non-controlling interest changes</b>	<b>1,013</b>

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## Selected notes to the interim consolidated financial statements

### Legal principles

The interim condensed consolidated financial statements for the three months ended March 31, 2018, have been prepared in accordance with IAS 34 Interim Financial Statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2017.

The interim condensed, consolidated financial statements for Q1/18 are unaudited and an external review by an auditor was not performed.

The interim, condensed, consolidated financial statements for Q1/18 have been prepared in million EUR (EUR mn, EUR 1,000,000). Accordingly, there may be rounding differences.

In addition to the interim financial statements, further information on main items affecting the interim financial statements as of March 31, 2018, is given as part of the description of OMV's Business Segments in the Directors' Report.

### Significant change in accounting policies

The Group has initially adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from January 1, 2018.

A number of other amendments and interpretations have been effective since January 1, 2018, but they do not have a material effect on the Group's financial statements.

### IFRS 9 Financial Instruments

IFRS 9 introduces key changes to the classification and measurement of financial assets being based on a business model and contractual cash flows approach and implements a new impairment model based on expected credit losses. In addition, changes to hedge accounting have been made with the objective to better represent the effect of risk management activities that an entity adopts to manage exposures.

Except for hedge accounting, IFRS 9 was applied retrospectively. As permitted by IFRS 9, OMV did not restate the figures of the comparative period. The retrospective impact of applying IFRS 9 was accounted for through adjustments to the opening balances of the respective positions in equity as of January 1, 2018.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

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**Changes in measurement category from IAS 39 to IFRS 9**

In EUR mn

	Measurement category		Paragraph	Carrying amount		
	IAS 39	IFRS 9		original (IAS 39)	new (IFRS 9)	Remeasurement effect
Assets as of January 1, 2018						
Other investments	Available for sale	FVOCI	3.	39	82	43
Investment funds	Available for sale	FVTPL	2.	6	6	–
Bonds	Available for sale	Amortized cost	2.	78	78	0
Loans	Loans and receivables	Amortized cost	4.	348	345	(2)
Other financial assets	Loans and receivables	Amortized cost	4.	1,019	1,015	(4)
	FVTPL	FVTPL		641	641	–
	Available for sale	FVTPL		139	139	–
Derivative instruments:						
a) Cash flow hedges	Fair value – hedging instrument	Fair value – hedging instrument		97	97	–
b) Other derivative instruments	Held for trading	FVTPL		732	732	–
Trade receivables	Loans and receivables	FVTPL	1.	197	197	–
	Loans and receivables	Amortized cost	4.	2,306	2,304	(2)

- Under IAS 39, all trade receivables were measured at amortized cost less any impairment. Upon the application of IFRS 9, however, the portfolio of receivables eligible for factoring or the securitization program are measured at FVTPL as they are held within a business model with an objective to sell them. Moreover, the trade receivables from arrangements with provisional pricing are also measured at FVTPL as the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding. The adjustment to revenue reserves due to the new classification under IFRS 9 is insignificant.
- Available-for-sale financial assets, which mainly include investment funds and debt instruments, were recognized at fair value through OCI under IAS 39. Upon application of IFRS 9, the investment funds are measured at FVTPL. Based on the Group's assessment debt instruments previously classified as available-for-sale financial assets, mainly consisting of bonds, are held within the business model with an objective to collect the contractual cash flows. Upon application of IFRS 9, they are therefore measured at amortized cost with an adjustment to the accumulated OCI against their carrying amount. The effect of both changes in OMV Group's equity is immaterial.
- IFRS 9 eliminates the exemption to measure unquoted equity instruments at cost rather than at fair value, in circumstances in which the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot reasonably be assessed. It only allows measurement at fair value and states indicators when the cost might not be a good representative of fair value. On December 31, 2017, the Group had unquoted equity investments measured at cost with a carrying amount of EUR 39 mn. Under IFRS 9, all equity investments are designated as measured at fair value through OCI as they are held for long-term strategic purposes. Consequently, all fair value gains and losses are reported in OCI, no impairment losses are recognized in profit or loss and no gains or losses are reclassified to the income statement on disposal. The related impact net of tax in OMV Group's equity is EUR 42 mn.
- The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. Financial assets measured at amortized cost and debt instruments that are carried at FVOCI are subject to the impairment provisions of IFRS 9. In general, the application of the expected credit loss model results in earlier recognition of credit losses and increase the amount of loss allowance recognized for the relevant items. Impairment losses are calculated based on a three-stage model using internal or external counterparty rating and the associated probability of default. For certain financial instruments such as trade receivables, impairment losses are assessed under a simplified approach recognizing lifetime expected credit losses. The related impact net of tax in OMV Group's equity upon initial application of IFRS 9 is EUR (6) mn.



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**Reconciliation of changes in loss allowance based on measurement categories as of January 1, 2018**

In EUR mn

Measurement category	Loss allowance under IAS 39	Remeasurement	Loss allowance under IFRS 9
<b>Loans and receivables (IAS 39)/Financial assets at amortized cost (IFRS 9)</b>			
Trade receivables	76	2	78
Other sundry receivables and assets	292	4	296
Loans	–	2	2
<b>Available for sale financial instruments (IAS 39)/Financial assets at amortized cost (IFRS 9)</b>			
Bonds	–	0	0
<b>Total</b>	<b>368</b>	<b>9</b>	<b>377</b>

There is no impact on the Group's classification and measurement of financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. The Group does not have any such liabilities.

Under IFRS 9, generally more hedging instruments and hedged items qualify for hedge accounting. The Group's hedging relationships qualified as continuing hedges upon the adoption of IFRS 9.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 replaced the previous revenue recognition requirements in IFRS and applies to all revenue arising from contracts with customers. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services.

The Group adopted the new standard on January 1, 2018, using the modified retrospective method, with the cumulated adjustment from initially applying this standard recognized as of January 1, 2018. As a result, the Group has not applied the requirements of IFRS 15 to the comparative periods presented.

Due to initial application of IFRS 15, retained earnings as of 1 January, 2018, have been adjusted by plus EUR 3 mn. This adjustment is attributable to long-term supply contracts with stepped prices in different periods where the rates do not reflect the value of the goods at the time of delivery. Whereas under IAS 18, the invoiced amount was recognized as revenue, under IFRS 15, the revenue is recognized based on the average contractual price. The impact of these changes on other items in the consolidated statement of financial position was an increase in contract assets.

Under IFRS 15, there are more transactions in which OMV acts in the capacity of an agent. An agent recognizes revenue for the commission or fee earned for facilitating the transfer of goods or services. The assessment according to the new standard is based on whether the Group controls the specific goods or services before transferring to the customer, rather than whether it has exposure to significant risks and rewards associated with the sale of the goods or services. Furthermore, under IFRS 15, more transactions have to be considered as non-monetary exchanges between entities in the same line of business that do not qualify for revenue recognition. Without adoption of IFRS 15, sales revenues and related costs would have been EUR 50 mn higher, without any impact on the margin. Beside this change, IFRS 15 did not have any material impacts on OMV's interim financial statements.

**Changes in the consolidated Group**

Compared with the consolidated financial statements as of December 31, 2017, the consolidated Group changed as follows:

In **Upstream**, OMV GSB Limited, based in Wellington, was acquired as of March 16, 2018. The transaction did not have a material impact on the condensed interim financial statements.

**Seasonality and cyclicity**

Seasonality is of significance, especially in the Downstream Business Segment. For details, please refer to the section "Business Segments."

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## Notes to the income statement

### Revenues

In EUR mn

Revenues from contracts with customers	4,870
Other revenues	108
<b>Total sales revenues</b>	<b>4,977</b>

Other revenues mainly include revenues from commodity sales/purchases transactions that are within the scope of IFRS 9. Financial instruments, the adjustment of revenues from considering the national oil company's profit share as income tax in certain production sharing agreements in the Upstream segment as well as rental and lease revenues.

### Revenues from contracts with customers

In EUR mn

	Upstream	Downstream		Corporate and Other	Q1/18
		Oil	Gas		Total
Crude oil, NGL, condensates	305	87	–	–	392
Natural gas and LNG	202	1	1,273	–	1,476
Fuel, heating oil and other refining products	–	2,165	–	–	2,165
Petrochemicals	–	475	–	–	475
Gas storage, transmission, distribution and transportation	2	–	55	–	57
Other goods and services	10	176	117	1	304
<b>Total</b>	<b>519</b>	<b>2,905</b>	<b>1,445</b>	<b>1</b>	<b>4,870</b>

### Income tax

In EUR mn (unless otherwise stated)

Q1/18	Q4/17	Q1/17		2017
(278)	(142)	(172)	Taxes on income and profit	(634)
(211)	(126)	(109)	Current taxes	(492)
(67)	(16)	(63)	Deferred taxes	(142)
34	25	17	Effective tax rate in %	43

## Notes to the statement of financial position

### Commitments

As of March 31, 2018, OMV had contractual obligations for the acquisition of intangible assets and property, plant and equipment of EUR 927 mn (December 31, 2017: EUR 974 mn), mainly relating to exploration and production activities in Upstream.

### Equity

No dividend was distributed and no interest payments were made on hybrid capital to OMV Aktiengesellschaft shareholders in Q1/18.

For the year 2017, a dividend payment of EUR 1.50 per share will be proposed to the Annual General Meeting, which will be held on May 22, 2018.

There were no dividend distributions to minority shareholders in Q1/18.

The total number of own shares held by the Company as of March 31, 2018, amounted to 772,230 (December 31, 2017: 772,230).

On March 14, 2018, the Supervisory Board approved that OMV exercises its right to call the EUR 750 mn hybrid bond issued on May 25, 2011. In accordance with § 5 (3) of the terms and conditions of the hybrid bond 2011, OMV will call and redeem the hybrid bond at its nominal value plus interest on the first possible call date, i.e. April 26, 2018. The fair value of the hybrid bond was reclassified to short-term bonds as of March 14, 2018.

### Financial liabilities

As of March 31, 2018, short- and long-term borrowings, bonds and finance leases amounted to EUR 6,592 mn (December 31, 2017: EUR 5,986 mn). Finance lease liabilities totaled EUR 290 mn (December 31, 2017: EUR 292 mn).

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**Fair value measurement**

Financial instruments recognized at fair value are disclosed according to the following fair value measurement hierarchy:

Level 1: Using quoted prices in active markets for identical assets or liabilities.

Level 2: Using inputs for the asset or liability, other than quoted prices, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

In order to determine the fair value for financial instruments within Level 2, usually forward prices on crude oil, natural gas, interest rates and foreign exchange rates are used as inputs to the valuation model. In addition, counterparty credit risk and volatility indicators are taken into account.

Level 3: Using inputs for the asset or liability that are not based on observable market data such as prices but on internal models or other valuation methods.

**Financial instruments**

In EUR mn

	Mar. 31, 2018				Dec. 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial instruments on asset side</b>								
Equity investments <sup>1</sup>	–	–	82	82	–	–	–	–
Investment funds	6	–	–	6	6	–	–	6
Bonds <sup>2</sup>	–	–	–	–	5	73	–	78
Derivatives designated and effective as hedging instruments	–	38	–	38	–	97	–	97
Other derivatives	499	338	–	837	360	372	–	732
Net amount of assets and liabilities associated with assets held for sale	–	–	0	0	–	–	2	2
Other financial assets at fair value <sup>3</sup>	–	–	797	797	–	–	780	780
<b>Total</b>	<b>505</b>	<b>377</b>	<b>879</b>	<b>1.761</b>	<b>371</b>	<b>542</b>	<b>782</b>	<b>1,695</b>
<b>Financial instruments on liability side</b>								
Liabilities on derivatives designated and effective as hedging instruments	–	43	–	43	–	97	–	97
Liabilities on other derivatives	498	435	–	933	360	519	–	879
<b>Total</b>	<b>498</b>	<b>479</b>	<b>–</b>	<b>977</b>	<b>360</b>	<b>616</b>	<b>–</b>	<b>977</b>

<sup>1</sup> Upon implementation of IFRS 9, the classification of equity investments changed to Fair Value through OCI (see section "Significant change in accounting policies")

<sup>2</sup> Upon implementation of IFRS 9, the classification of bonds changed to Amortized Cost (see section "Significant change in accounting policies")

<sup>3</sup> Includes an asset from reserves redetermination rights related to the acquisition of interests in the field Yuzhno Russkoye and contingent considerations from the divestments of the 30% stake in the field Rosebank and of OMV (U.K.) Limited

With the exception of the financial assets included in the table, the carrying amounts of financial assets are the fair values.

Bonds and other interest-bearing debts amounting to EUR 6,302 mn (December 31, 2017: EUR 5,694 mn) are valued at amortized cost. The estimated fair value of these liabilities was EUR 6,690 mn (December 31, 2017: EUR 6,150 mn). The carrying amount of other financial liabilities is effectively the same as their fair value, as they are predominantly short term.

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## Segment reporting

### Intersegmental sales

In EUR mn

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>		2017
757	785	718	5	Upstream	2,839
18	21	21	(17)	Downstream	79
10	10	9	10	thereof Downstream Oil	34
37	48	43	(14)	thereof Downstream Gas	161
(29)	(36)	(31)	4	thereof intrasegmental elimination Downstream	(116)
80	90	88	(9)	Corporate and Other	349
<b>854</b>	<b>896</b>	<b>828</b>	<b>3</b>	<b>OMV Group</b>	<b>3,267</b>

### External sales

In EUR mn

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>		2017
588	324	418	41	Upstream	1,329
4,388	4,581	5,097	(14)	Downstream	18,887
2,856	3,130	3,904	(27)	thereof Downstream Oil	14,065
1,532	1,451	1,194	28	thereof Downstream Gas	4,822
1	1	3	(50)	Corporate and Other	6
<b>4,977</b>	<b>4,906</b>	<b>5,518</b>	<b>(10)</b>	<b>OMV Group</b>	<b>20,222</b>

### Total sales (not consolidated)

In EUR mn

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>		2017
1,345	1,109	1,136	18	Upstream	4,168
4,406	4,602	5,119	(14)	Downstream	18,967
2,866	3,139	3,913	(27)	thereof Downstream Oil	14,099
1,569	1,499	1,236	27	thereof Downstream Gas	4,983
(29)	(36)	(31)	4	thereof intrasegmental elimination Downstream	(116)
81	91	91	(10)	Corporate and Other	355
<b>5,832</b>	<b>5,802</b>	<b>6,346</b>	<b>(8)</b>	<b>OMV Group</b>	<b>23,490</b>

### Segment and Group profit

In EUR mn

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>		2017
478	294	508	(6)	Operating Result Upstream	1,218
417	384	540	(23)	Operating Result Downstream	584
299	392	453	(34)	thereof Operating Result Downstream Oil	412
118	(8)	87	36	thereof Operating Result Downstream Gas	171
(1)	(13)	(16)	93	Operating Result Corporate and Other	(48)
894	665	1,032	(13)	Operating Result segment total	1,753
6	(34)	5	26	Consolidation: elimination of inter-segmental profits	(21)
899	631	1,037	(13)	OMV Group Operating Result	1,732
(90)	(69)	(49)	(84)	Net financial result	(246)
<b>809</b>	<b>562</b>	<b>988</b>	<b>(18)</b>	<b>OMV Group profit before tax</b>	<b>1,486</b>

<sup>1</sup> Q1/18 compared to Q1/17

### Assets<sup>1</sup>

In EUR mn

	Mar. 31, 2018	Dec. 31, 2017
Upstream	11,234	11,322
Downstream	4,793	4,839
thereof Downstream Oil	3,673	3,704
thereof Downstream Gas	1,119	1,135
Corporate and Other	137	140
<b>Total</b>	<b>16,164</b>	<b>16,301</b>

<sup>1</sup> Segment assets consist of intangible assets and property, plant and equipment; not including assets reclassified to held for sale

May 3, 2018

## Other notes

### Transactions with related parties

In Q1/18, there were arm's-length supplies of goods and services between the Group and equity-accounted companies, except for transactions with OJSC Severneftegazprom, which are not based on market prices but on cost plus defined margin. The arm's-length nature of supplies of goods and services between Group and equity-accounted investments is subject to continuous examination and documentation.

### Material transactions with related parties

In EUR mn

	Q1/18		Q1/17	
	Sales and other income	Purchases and services received	Sales and other income	Purchases and services received
Borealis	351	11	307	12
GENOL Gesellschaft m.b.H. & Co KG	41	1	38	1
Erdöl-Lagergesellschaft m.b.H.	9	13	10	14
Enerco Enerji Sanayi ve Ticaret A.Ş.	2	55	2	56
Deutsche Transalpine Oelleitung GmbH	0	7	0	7
OJSC Severneftegazprom	–	41	–	–
Trans Austria Gasleitung GmbH	3	6	19	5

### Related party balances

In EUR mn

	Mar. 31, 2018	Dec. 31, 2017
Trade receivables	172	123
Other receivables	21	6
Trade payables	85	100
Prepayments received	150	153

In Q1/18, OMV received dividend income of EUR 252 mn (Q1/17: EUR 270 mn) from Borealis AG, EUR 15 mn (Q1/17: EUR 11 mn) from Trans Austria Gasleitung GmbH and EUR 3 mn (Q1/17: EUR Nil) from Pearl Petroleum Company Limited.

Borealis has two pending tax cases in Finland related to Borealis Technology Oy and Borealis Polymers Oy which are described in detail in the OMV Annual Report 2017 (Note 15 – Equity-accounted investments). There have been no material changes up to the publication of the OMV Group Interim Financial Statements for Q1/18.

### Subsequent events

On April 29, 2018, OMV signed a concession agreement for the acquisition of a 20% stake in two fields offshore Abu Dhabi from ADNOC. The concession area consists of two offshore fields under development, Umm Lulu and Satah Al Razboot (SARB), as well as two satellite fields, Bin Nasher and Al Bateel. The agreed participation fee amounts to USD 1.5 bn and the duration of the contract is 40 years. The concession will be retroactively effective as of March 9, 2018.



May 3, 2018

## Declaration of the Management

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group Directors' Report gives a true and fair view of important events that have occurred during the first three months of the financial year and their impact on the condensed interim financial statements, the principal risks and uncertainties for the remaining nine months of the financial year and the major related-party transactions to be disclosed.

Vienna, May 3, 2018

The Executive Board

Rainer Seele m.p.  
Chairman of the Executive Board  
and Chief Executive Officer

Reinhard Florey m.p.  
Chief Financial Officer

Johann Pleininger m.p.  
Deputy Chairman of the Executive Board  
and Executive Board  
Upstream

Manfred Leitner m.p.  
Member of the Executive Board  
Downstream

May 3, 2018

## Further Information

### Next events

- ▶ Ordinary Annual General Meeting: May 22, 2018
- ▶ OMV Group Report January–June and Q2 2018: August 2, 2018

The entire OMV financial calendar and additional information can be found at [www.omv.com](http://www.omv.com).

### OMV contacts

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